Appendix 1 to the On-Demand Lending Guarantee Fund Rules

Rules for determining the amount of contributions to the on-demand lending guarantee fund

The basis used in determining the total size of the fund and the contributions of participants with the status of clearing member is the level of open risk. Open risk is the difference between the value of the maintenance margin calculated under stress-test parameters for positions at end of day *d* and the value of the maintenance margin deposited by the participant.

Open risk is measured on the basis of:

1) the calculated value of margin requirements for loan agreements;
2) marking to market, which is the difference between the current market value of securities under all lending agreements guaranteed by the Fund pending settlement and their most recently updated contractual collateral;
3) parameters determined by KDPW_CCP.

The first step consists of the calculation of daily open risk exposure for each lending agreements portfolio. Lending agreements portfolio means positions arising from lending agreements concluded with the intermediation of KDPW S.A. in the negotiated lending system, cleared by KDPW_CCP and guaranteed by the Fund, which are settled using the same numbered account held in the relevant settlement system. Next, the value of each open risk exposure is combined to give the total daily open risk, calculated for a participant holding the status of clearing member.

The final open risk value for a participant holding the status of clearing member is the smaller of the following two values: the maximum open risk of the participant, calculated in a given time period; and the average open risk of that participant in the same time period, increased by standard deviation times a parameter depending on the accepted confidence level.

The size of the fund is the maximum value of the final open risk of all participants and is limited by the minimum and maximum levels adopted by KDPW_CCP. Contribution payment amounts are determined proportionally to the value of open risk exposure for each participant.